

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /086 W

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R 011530Z OCT 75

FM AMCONSUL MILAN

TO AMEMBASSY ROME

INFO SECSTATE WASHDC 4269

C O N F I D E N T I A L MILAN 1805

E.O. 11652: GDS

TAGS: PFOR, PINT, PINR, IT

SUBJECT: MILAN NEWSPAPER DEVELOPMENTS: MEMCON INDRO MONTANELLI,
DIRECTOR IL GIORNALE, ENZO BETTIZA, FOREIGN POLICY EDITOR AND CONGE,
SEPT 30, 1975, MILAN.

1. MONTANELLI WAS MUCH RELIEVED ABOUT THE OUTLOOK FOR IL GIORNALE.
HE NO LONGER FELT THAT HE WAS ABOUT TO GO UNDER SINCE HIS FINANCING
HAD BEEN FIRMED UP AGAIN.

2. THE SITUATION AT THE CORRIERE WAS DIFFERENT. IT WAS IN DEEP
CRISIS. CEFIS WAS UNABLE (OR UNWILLING) TO CONTINUE TO UNDERWRITE ITS
LOSSES. RIZZOLI WAS THEREFORE FACED WITH A DESPERATE SITUATION AT THE
END OF THIS YEAR. FIRST, WAS HOW TO PAY THE CHRISTMAS BONUS (THE 13TH
MONTH). THERE WAS NO MONEY. SECOND, AND HARDER, WERE RIZZOLI'S
DEBTS TO THE FORMER OWNERS. AGNELLI HAD SO FAR BEEN PAID NOTHING AND
WAS OWED ABOUT 15 BILLION LIRE DUE AT THE END OF THE YEAR. GIULIA
CRESPI HAD BEEN PAID ONLY 3/4 OF HER SHARE. AND A THIRD OWNER HAD
SETTLED FOR THE RIZZOLI OFFICE BUILDING IN NEW YORK PLUS A HUGE
PLANTATION IN KENYA. MOREOVER, THERE WERE THE ANNUAL OPERATING
LOSSES OF ABOUT 18-20 BILLION LIRE FOR THE COMPANY AS A WHOLE.

3. RIZZOLI WAS IN A BIND. HE HAD ASKED AGNELLI TO BUY BACK IN
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BUT AGNELLI HAD FLATLY REFUSED ON THE GROUNDS THAT THE LOSSES

WERE UNBEARABLE. RIZZOLI HAD ALSO ASKED THE PCI FOR 10 BILLION LIRE WHICH MONTANELLI BELIEVED HAD BEEN ADVANCED THROUGH SOME CHANNEL. BUT THAT WAS QUICKLY CONSUMED EVEN IF LOANED. RIZZOLI HAD ALSO TRIED TO GET A GOVERNMENT LOAN BUT MINISTER OF FINANCE VISENTINI HAD REFUSED. RIZZOLI ALSO APPROACHED VINCENZO MONTI, OWNER OF THE RESTO DEL CARLINO AND A SUGAR MAGNATE. MONTI SAID THAT HE WOULD TAKE A PART OF THE OWNERSHIP BUT ONLY IF THE CORRIERE SHIFTED ITS EDITORIAL POLICY TO THE RIGHT.

4. MONTANELLI, (WHO WOULD NEVER PUT OTTONE IN A GOOD LIGHT); MAINTAINED THAT CORRIERE EDITOR OTTONE ASSURED MONTI THAT NOTHING WOULD BE SIMPLER. YOU WANT A RIGHT WING PAPER? YOU WILL GET A RIGHT WING PAPER*

5. MEANWHILE OTTONE AND RIZZOLI HAD GONE TO THE US (SEE MILAN 1725) AND MONTANELLI SAID THEY WERE SEARCHING FOR FINANCING THERE, TOO.

6. MONTANELLI AND BETTIZA INSISTED THAT THE CORRIERE HAD, IN FACT, LUNGED TO THE RIGHT IN RECENT WEEKS. IT CONTINUED TO BE VERY UNEVEN WITH THE FRONT PAGE MUCH MORE ATLANTICIST THEN BEFORE. BUT THE CITY PAGES AND THE ECONOMIC PAGES CONTINUED TO BE PRO-COMMUNIST. ACCORDING TO MONTANELLI, OTTONE HAD SIMPLY TOLD THE EDITORIAL COMMITTEE AND THE SHOP STEWARDS THAT THERE HAD TO BE AN OSTENSIBLE EDITORIAL SHIFT TO SURVIVE. ONCE NEW OWNERS HAD BEEN SIGNED ON, THE PAPER COULD RESUME ITS LEFTIST ORIENTATION.

7. THE CORRIERE COULD NOT COLLAPSE, SAID MONTANELLI. IT WAS TOO IMPORTANT A NATIONAL INSTITUTION. THE CENTRAL GOVERNMENT WOULD SOMEHOW BAIL IT OUT IF RIZZOLI AND OTTONE COULDN'T FIND A NEW ANGEL. IN ANY EVENT, MONTANELLI AND BETTIZA WERE OPPOSED TO ITS FOLDING. IL GIORNALI WAS SIMPLY NOT YET READY TO TAKE ITS PLACE. THAT WOULD TAKE YEARS OF SLOW GROWTH. THEY WOULD PREFER A SLOW DECLINE ALLOWING GIORNALE AND THE EXPECTED REPUBBLICA TO TAKE OVER.

8. REPUBBLICA WAS HAVING NEW TROUBLES. ONE OF ITS BACKERS, AGNELLI'S BROTHER IN LAW CARRACIOLO, HAD SUFFERED A HEART ATTACK ABOUT A WEEK AGO. THAT HAD STOPPED EVERYTHING FOR A WHILE. AT THE SAME TIME, THERE WAS SOME PULLING BACK BY SOME OF THE STAFF PREVIOUSLY RECRUITED.

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9. MONTANELLI INSISTED THAT AGNELLI WAS ALSO BEHIND REPUBBLICA SINCE CARRACIOLO SIMPLY DIDN'T HAVE ENOUGH MONEY OF HIS OWN TO COVER HIS SHARE OF THE COSTS.

10. BE THAT AS IT MAY, MONTANELLI SAID HE WAS FAVORABLE TO THE APPEARANCE OF REPUBBLICA WHICH COULD PLAY A VERY CONSTRUCTIVE ROLE IN ITALIAN POLITICS. END MEMCON.FINA

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL CRISIS, NEWSPAPERS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MILAN01805
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750342-0469
From: MILAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751093/aaaadept.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 JUN 2003 by ShawDG>; APPROVED <05 JUN 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MILAN NEWSPAPER DEVELOPMENTS: MEMCON INDRO MONTANELLI, DIRECTOR IL GIORNALE, ENZO BETTIZA, FOREIGN POLICY EDITOR AND CONGE
TAGS: PFOR, PINT, PINR, IT, IL GIORNALE, CORRIERE, (MONTANELLI, INDRO), (BETTIZA, ENZO)
To: ROME
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006